



Co-operative Federation of Victoria Ltd

Co-operatives Regulations 2008

The Co-operative Federation of Victoria Ltd welcomes the decision to review the Co-operative Regulations 2008, and is pleased to provide the following observations. We would welcome the opportunity for a more detailed discussion as and when appropriate. Consideration could be given to priority amendments to the Regulations which would be consistent with CNL and the Victorian Co-operatives Act 1996.

Victoria has a large co-operative sector operating in diverse industries such as child care, dairy produce, health, housing, herd improvement, media, retailing and taxis.

Co-operatives are member-owned and controlled businesses – distinct from companies, associations and other forms of incorporation because of their purpose, their democratic structure, participative ownership and members being obligated to be active members.

A necessary precondition to regulation of co-operatives is a commitment by the Government to the development and growth of co-operatives. An appropriate co-operative legislation and regulation framework are critical to the development of co-

operatives in Australia. It is recognised that Government has four critical functions with respect of co-operatives:

Legislation

Regulation

Dissolution/liquidation

Monitoring

This role of the Government should be based on the following principles:

Minimum government involvement

Maximum deregulation

Maximum democratic participation

Specific co-operative legislation and regulation is necessary as a condition for protecting the unique character of co-operatives. Co-operative law should be sufficiently detailed to prevent the state or others from changing the character of co-operatives. It is critical, therefore, to distinguish co-operatives from:

Investor-owned companies

Non-profit organisations

Charities

Other forms of self-help

It is also a necessary and suitable means of maintaining an appropriate balance between the independence and autonomy of co-operatives and the powers of the state.

ILO Recommendation No 193 and the 1995 ICA Statement on the Co-operative Identity (ICA Statement) imply that co-operatives be granted legal person status by legislators.

Increasingly, the focus of all country-specific legislation is shifting from national parliaments to international mechanisms which will lead to the harmonisation of law at regional and worldwide levels. This equally applies to co-operative legislation.

The ILO has developed guidelines as a check list of items to be considered when amending or developing co-operative law:

Hagen Henry

Guidelines for Cooperative Legislation

Second Revised Edition, 2005

International Labour Organisation

Governments throughout Australia are committed to the principle of competitive neutrality. Critical to this is neutrality in legislation and regulation. It is, therefore, a matter of concern that all co-

operatives are required to have their accounts audited. This is an onerous requirement for small co-operatives and, indeed is a disincentive to the formation of co-operatives. Small associations and companies, however, are not required to have their accounts audited. Competitive neutrality requires that small co-operatives should also not be required to have their accounts audited.

Co-operatives Act 1996

The Co-operatives Act 1996 came into being after a review of the preceding legislation. The Act contains core provisions that are consistent with legislation in all States and Territories other than Western Australia.

The Corporations Law, administered by Federal Government, exempts from its operation, societies, associations or unions registered under the various Co-operative Acts of the States and Territories. Victoria's Co-operatives Act 1996 Division 4 Applications of Corporations Law 8 (1) The provisions of the Corporations Law (other than the provisions of the Corporations Law mentioned in sub-section (2) are excluded from applying under their own force to co-operatives.

There are specific inclusions from Corporations Law in Division 4 Applications of Corporations Law 8 (2). In addition, Victoria's Co-operatives Act 1996 borrows from the Corporations Act in a number of key areas – financial reporting, audit responsibility, director and officer duties, voluntary administration and winding up.

Division 4 Applications of Corporations Law 8 (2) (a) also specifies that provisions of the Corporations Law could be provided for in regulations and (9) (1) specifies that the regulations may adopt, with or without specified modifications, a provision of the Corporations Law for application in relation to co-operatives.

The Co-operatives Act 1996 does provide some protection for the character of co-operatives, but the strength of the Victorian Government's commitment is questionable when it amended the Housing Act 1983 in 2004.

The Housing Act 1983 provides for the registration of housing associations and housing providers:

- Under Schedule 7, 1 (2) housing associations must be a company limited by shares or by guarantee.

- Under Schedule 7, 1 (3) a registered housing provider must be a company limited by shares or by guarantee or a co-operative or an incorporated association.

Part V111 - The Registrar and Rental Housing Agencies Division 2 provides for a Registrar of Housing Agencies.

Division 8 Powers of Registrar clause 129 (2) of the Housing Act specifies that "This Division applies despite anything to the contrary in the **Co-operatives Act 1996** and the **Associations Incorporation Act 1981**."

Clause 131 (1) provides for the Registrar to recommend appointments to the governing body of a registered agency after consultation with the governing body and after considering any nominations made by the governing body. The Registrar may recommend the appointment of one or more persons whom the Registrar considers to be qualified to the governing body. According to 131 (3) "An appointment made under this section has effect as if it had been made in accordance with the constitution or rules of the registered agency" and (5) "This section applies despite anything to the contrary in the constitution or rules of the registered agency. The Registrar, therefore, can impose any number of directors on a co-operative - even a majority.

These provisions in the Housing Act 1983 are inconsistent with co-operative values and principles and are in contradiction with Australia's membership of the International Labour Organisation (ILO).

These provisions are counter to co-operative values and principles. It is more likely, for example, that the Housing Registrar would interfere in the governance and management of a co-operative on behalf of members – rather than encouraging members to exercise existing rights that are unique to a co-operative.

The 4th co-operative principle endorsed by the International Co-operative Alliance (ICA) in 1995 affirms as follows: "Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy."

The ILO adopts Conventions and Recommendations. By 2003, the ILO had adopted 185 Conventions and 194 Recommendations. Conventions are binding. Recommendations are non-binding guidelines - to guide national policy and practice.

The ILO Recommendation on the Promotion of Co-operatives Recommendation No 193 was adopted by the ILO in 2002. This included an endorsement of the ICA's co-operative principles.

While non-binding, Australia is obligated to the ILO in respect of the recommendation to submit the text to legislative bodies, to report on resulting action and measures taken or planned to give effect to the provision.

The provisions in the Housing Act 1983 are unacceptable because:

- Government should promote and strengthen co-operatives. This provision weakens housing co-operatives.
- Government should recognise that co-operatives are independent and autonomous organisations. This provision denies co-operative independence and autonomy.
- Government should encourage co-operatives to respond to their member needs. This provision assumes that government will determine member needs.
- Government should provide a legal framework consistent with co-operative values and principles. This provision undermines co-operative values and principles.

Victoria's Housing Act 1983 is not acceptable and should be amended consistent with ILO Recommendation No 193.

The regulative options

There are four broad options for the Victorian Government in reviewing the Co-operatives Regulations 1997:

1. Renew the Co-operatives Regulations 2008 until new regulations are developed under CNL.
2. Develop new and/or amend regulations to replace the current regulations when they lapse in 2012. This is not a viable option as new regulations will be developed under CNL.
3. Do nothing and allow the current regulations to lapse in 2012 and the Act would be left to operate and apply without supporting regulations. This would necessitate amendments to the Act as the Act depends on the regulations to provide guidance to co-operatives. Co-operatives would have to develop their own procedures and reporting formats to comply with the Act. There would be an increased risk of breaching the law and an increased potential for co-operatives to be mismanaged. This is not a viable option with CNL and associated regulations.

4. Rely on the sector to self-regulate. This would depend on the capacity and willingness of co-operatives to work together to develop and monitor common specific standards for record keeping, audits, keeping registers, procedures for postal ballots and information to be included in explanatory statements and financial disclosure documents. This is unlikely and is counter to the agreed development of CNL and associated regulation.

The Co-operative Federation of Victoria Ltd supports option 1 above, but emphasises the importance of a resourced consultation with Victoria's co-operative sector.

Assessing the Options

The criteria used to assess the regulatory options are critical to their development. It is proposed that the following or similar criteria should apply:

1. The effectiveness of the option in providing for sound financial management.
2. The extent to which the proposed option provides appropriate and effective machinery to facilitate and assess member control and participation.
3. The cost effectiveness of each option in terms of costs and benefits to the government, co-operatives and the community.
4. The extent to which the option contributes to the overall efficiency of the regulatory system.

Regulation Aims

In reviewing and developing regulations governments should aim to:

1. Ensure directors of co-operatives are accountable for their decisions and actions.
2. Facilitate active control and participation by members in co-operatives.
3. Facilitate co-operative philosophy, principles and practices.

Co-operatives National Law

The Co-operative Federation of Victoria Ltd supports proposed Cooperatives National Law which aims to:

- Provide a nationally consistent replacement for the separate legislation currently regulating co-operatives in States and Territories.
- Provide a method for efficiently applying and maintaining consistent co-operatives legislation - including Regulations.
- Make it easier to understand the interactions between co-operatives legislation and the Corporations Act 2001.
- Ensure that provisions of the Corporations Act 2001, which are relevant to co-operatives, are applied consistently across States and Territories.
- Simplify financial and auditing requirements for small co-operatives.
- Reduce restrictions on co-operatives operating across borders.
- Introduce nationally consistent provisions for the supervision of co-operatives.

Support is conditional, of course, on the eventual Bill and associated regulations.

The Co-operative Federation of Victoria Ltd supports Co-operatives Australia's submission which identified key principles that should inform the process of developing and implementing co-operative legislation.

Co-operatives Australia welcomes the release of the proposed Co-operatives National Law. CA is the national body for State Co-operative Federations. It is an unincorporated body with membership by the State Co-operative Federations of New South Wales, Queensland, South Australia, Victoria and Western Australia.

The following comments on the proposed National Law address key principles of co-operatives national law rather than the detail of the legislation. State Federations will provide detailed comments.

1. Co-operatives principles. Co-operatives legislation should reflect and reinforce co-operative values and principles.
2. Co-operatives legislation. CA believes that States and Territories should have the option of applying the proposed Co-operatives National Law or adopting co-operatives legislation that is substantially corresponding law.
3. Co-operative independence and autonomy. Co-operatives legislation should reflect and reinforce co-operative autonomy and legislation - minimising the role of the Registrar in areas better devolved to members via the rules of individual co-operatives.
4. Co-operative difference. There are significant differences between small and large co-operatives and this difference needs to be recognised in legislation and regulation.
5. Co-operative Operations. Co-operatives once incorporated in one jurisdiction should be able to operate throughout Australia without extra registration requirements.

6. Co-operative democracy. Co-operatives legislation should reflect and reinforce co-operative democracy - the accountability of boards to members as determined by members.

7. Director obligations. The obligations of directors to members should specify honesty and due diligence with provision for the business judgment rule defence in line with Corporations Act 2001 section 180.

8. Federations. States have recognised State Federations and this should continued to be recognised.

9. Co-operatives. Co-operatives throughout most of the world use a hyphen in the word co-operative and this is the practice of the International Co-operative Alliance, the world peak body. The CNL should therefore adopt the hyphenated word “co-operative”.

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Co-operative Federation of Victoria Ltd

Mission and Objects

Mission

To develop and promote the co-operative movement as a means of satisfying the economic and social needs of people.

Objects.

1. Help improve the performance of member co-operatives in the provision of services to their members.
2. Make representations to government on legislation and policies to facilitate the development of co-operatives.
3. Promote co-operatives to the public.
4. Facilitate and promote the formation of co-operatives.
5. Educate co-operative members and the community at large in co-operative principles and practices.
6. Facilitate co-operation between co-operatives.

International Co-operative Alliance

Co-operative Values and Principles

Co-operatives are unique businesses that are based on explicit values and principles. These are articulated in the International Co-operative Alliance's Statement on the Co-operative Identity adopted in 1995.

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

1st Principle: Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.

3rd Principle: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5th Principle: Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

6th Principle: Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Author: International Co-operative Alliance, 1995

The ICA is the international non-government organisation which unites, represents and services co-operatives worldwide. It was established in London, UK, in 1898. It has more than 250 member organisations from over 100 countries and represents more than 760 million individuals.

International Labour Organization

R193 Promotion of Cooperatives Recommendation, 2002

The General Conference of the International Labour Organization,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 90th Session on 3 June 2002, and

Recognizing the importance of cooperatives in job creation, mobilizing resources, generating investment and their contribution to the economy, and

Recognizing that cooperatives in their various forms promote the fullest participation in the economic and social development of all people, and

Recognizing that globalization has created new and different pressures, problems, challenges and opportunities for cooperatives, and that stronger forms of human solidarity at national and international levels are required to facilitate a more equitable distribution of the benefits of globalization, and Noting the ILO Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Conference at its 86th Session (1998), and Noting the rights and principles embodied in international labour Conventions and Recommendations, in particular the Forced Labour Convention, 1930; the Freedom of Association and Protection of the Right to Organise Convention, 1948; the Right to Organise and Collective Bargaining Convention, 1949; the Equal Remuneration Convention, 1951; the Social Security (Minimum Standards) Convention, 1952; the Abolition of Forced Labour Convention, 1957; the Discrimination (Employment and Occupation) Convention, 1958; the Employment Policy Convention, 1964; the Minimum Age Convention, 1973; the Rural Workers' Organisations Convention and Recommendation, 1975; the Human Resources Development Convention and Recommendation, 1975; the Employment Policy (Supplementary Provisions) Recommendation, 1984; the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998; and the Worst Forms of Child Labour Convention, 1999, and

Recalling the principle embodied in the Declaration of Philadelphia that "labour is not a commodity", and

Recalling that the realization of decent work for workers everywhere is a primary objective of the International Labour Organization, and

Having decided upon the adoption of certain proposals with regard to the promotion of cooperatives, which is the fourth item on the agenda of the session, and

Having determined that these proposals shall take the form of a Recommendation;

adopts this twentieth day of June of the year two thousand and two the following Recommendation, which may be cited as the Promotion of Cooperatives Recommendation, 2002.

I. SCOPE, DEFINITION AND OBJECTIVES

1. It is recognized that cooperatives operate in all sectors of the economy. This Recommendation applies to all types and forms of cooperatives.

2. For the purposes of this Recommendation, the term "cooperative" means an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

3. The promotion and strengthening of the identity of cooperatives should be encouraged on the basis of:

(a) cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others; and

(b) cooperative principles as developed by the international cooperative movement and as referred to in the Annex hereto. These principles are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

4. Measures should be adopted to promote the potential of cooperatives in all countries, irrespective of their level of development, in order to assist them and their membership to:

(a) create and develop income-generating activities and sustainable decent employment;

(b) develop human resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training;

(c) develop their business potential, including entrepreneurial and managerial capacities;

(d) strengthen their competitiveness as well as gain access to markets and to institutional finance;

(e) increase savings and investment;

(f) improve social and economic well-being, taking into account the need to eliminate all forms of discrimination;

(g) contribute to sustainable human development; and

(h) establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives, that responds to the social and economic needs of the community.

5. The adoption of special measures should be encouraged to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to their members' needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion.

II. POLICY FRAMEWORK AND ROLE OF GOVERNMENTS

6. A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector. It is in this context that Governments should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles set out in Paragraph 3, which would:

- (a) establish an institutional framework with the purpose of allowing for the registration of cooperatives in as rapid, simple, affordable and efficient a manner as possible;
- (b) promote policies aimed at allowing the creation of appropriate reserves, part of which at least could be indivisible, and solidarity funds within cooperatives;
- (c) provide for the adoption of measures for the oversight of cooperatives, on terms appropriate to their nature and functions, which respect their autonomy, and are in accordance with national law and practice, and which are no less favourable than those applicable to other forms of enterprise and social organization;
- (d) facilitate the membership of cooperatives in cooperative structures responding to the needs of cooperative members; and
- (e) encourage the development of cooperatives as autonomous and self-managed enterprises, particularly in areas where cooperatives have an important role to play or provide services that are not otherwise provided.

7. (1) The promotion of cooperatives guided by the values and principles set out in Paragraph 3 should be considered as one of the pillars of national and international economic and social development.

(2) Cooperatives should be treated in accordance with national law and practice and on terms no less favourable than those accorded to other forms of enterprise and social organization. Governments should introduce support measures, where appropriate, for the activities of cooperatives that meet specific social and public policy outcomes, such as employment promotion or the development of activities benefiting disadvantaged groups or regions. Such measures could include, among others and in so far as possible, tax benefits, loans, grants, access to public works programmes, and special procurement provisions.

(3) Special consideration should be given to increasing women's participation in the cooperative movement at all levels, particularly at management and leadership levels.

8. (1) National policies should notably:

- (a) promote the ILO fundamental labour standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever;
- (b) ensure that cooperatives are not set up for, or used for, non-compliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises;
- (c) promote gender equality in cooperatives and in their work;
- (d) promote measures to ensure that best labour practices are followed in cooperatives, including access to relevant information;

(e) develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential, and general economic and social policy skills, of members, workers and managers, and improve their access to information and communication technologies;

(f) promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society;

(g) promote the adoption of measures that provide for safety and health in the workplace;

(h) provide for training and other forms of assistance to improve the level of productivity and competitiveness of cooperatives and the quality of goods and services they produce;

(i) facilitate access of cooperatives to credit;

(j) facilitate access of cooperatives to markets;

(k) promote the dissemination of information on cooperatives; and

(l) seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies.

(2) Such policies should:

(a) decentralize to the regional and local levels, where appropriate, the formulation and implementation of policies and regulations regarding cooperatives;

(b) define legal obligations of cooperatives in areas such as registration, financial and social audits, and the obtaining of licences; and

(c) promote best practice on corporate governance in cooperatives.

9. Governments should promote the important role of cooperatives in transforming what are often marginal survival activities (sometimes referred to as the "informal economy") into legally protected work, fully integrated into mainstream economic life.

III. IMPLEMENTATION OF PUBLIC POLICIES FOR THE PROMOTION OF COOPERATIVES

10. (1) Member States should adopt specific legislation and regulations on cooperatives, which are guided by the cooperative values and principles set out in Paragraph 3, and revise such legislation and regulations when appropriate.

(2) Governments should consult cooperative organizations, as well as the employers' and workers' organizations concerned, in the formulation and revision of legislation, policies and regulations applicable to cooperatives.

11. (1) Governments should facilitate access of cooperatives to support services in order to strengthen them, their business viability and their capacity to create employment and income.

(2) These services should include, wherever possible:

- (a) human resource development programmes;
- (b) research and management consultancy services;
- (c) access to finance and investment;
- (d) accountancy and audit services;
- (e) management information services;
- (f) information and public relations services;
- (g) consultancy services on technology and innovation;
- (h) legal and taxation services;
- (i) support services for marketing; and
- (j) other support services where appropriate.

(3) Governments should facilitate the establishment of these support services. Cooperatives and their organizations should be encouraged to participate in the organization and management of these services and, wherever feasible and appropriate, to finance them.

(4) Governments should recognize the role of cooperatives and their organizations by developing appropriate instruments aimed at creating and strengthening cooperatives at national and local levels.

12. Governments should, where appropriate, adopt measures to facilitate the access of cooperatives to investment finance and credit. Such measures should notably:

- (a) allow loans and other financial facilities to be offered;
- (b) simplify administrative procedures, remedy any inadequate level of cooperative assets, and reduce the cost of loan transactions;
- (c) facilitate an autonomous system of finance for cooperatives, including savings and credit, banking and insurance cooperatives; and

(d) include special provisions for disadvantaged groups.

13. For the promotion of the cooperative movement, governments should encourage conditions favouring the development of technical, commercial and financial linkages among all forms of cooperatives so as to facilitate an exchange of experience and the sharing of risks and benefits.

IV. ROLE OF EMPLOYERS' AND WORKERS' ORGANIZATIONS AND COOPERATIVE ORGANIZATIONS, AND RELATIONSHIPS BETWEEN THEM

14. Employers' and workers' organizations, recognizing the significance of cooperatives for the attainment of sustainable development goals, should seek, together with cooperative organizations, ways and means of cooperative promotion.

15. Employers' organizations should consider, where appropriate, the extension of membership to cooperatives wishing to join them and provide appropriate support services on the same terms and conditions applying to other members.

16. Workers' organizations should be encouraged to:

(a) advise and assist workers in cooperatives to join workers' organizations;

(b) assist their members to establish cooperatives, including with the aim of facilitating access to basic goods and services;

(c) participate in committees and working groups at the local, national and international levels that consider economic and social issues having an impact on cooperatives;

(d) assist and participate in the setting up of new cooperatives with a view to the creation or maintenance of employment, including in cases of proposed closures of enterprises;

(e) assist and participate in programmes for cooperatives aimed at improving their productivity;

(f) promote equality of opportunity in cooperatives;

(g) promote the exercise of the rights of worker-members of cooperatives; and

(h) undertake any other activities for the promotion of cooperatives, including education and training.

17. Cooperatives and organizations representing them should be encouraged to:

(a) establish an active relationship with employers' and workers' organizations and concerned governmental and non-governmental agencies with a view to creating a favourable climate for the development of cooperatives;

(b) manage their own support services and contribute to their financing;

- (c) provide commercial and financial services to affiliated cooperatives;
- (d) invest in, and further, human resource development of their members, workers and managers;
- (e) further the development of and affiliation with national and international cooperative organizations;
- (f) represent the national cooperative movement at the international level; and
- (g) undertake any other activities for the promotion of cooperatives.

V. INTERNATIONAL COOPERATION

18. International cooperation should be facilitated through:

- (a) exchanging information on policies and programmes that have proved to be effective in employment creation and income generation for members of cooperatives;
- (b) encouraging and promoting relationships between national and international bodies and institutions involved in the development of cooperatives in order to permit:
 - (i) the exchange of personnel and ideas, of educational and training materials, methodologies and reference materials;
 - (ii) the compilation and utilization of research material and other data on cooperatives and their development;
 - (iii) the establishment of alliances and international partnerships between cooperatives;
 - (iv) the promotion and protection of cooperative values and principles; and
 - (v) the establishment of commercial relations between cooperatives;
- (c) access of cooperatives to national and international data, such as market information, legislation, training methods and techniques, technology and product standards; and
- (d) developing, where it is warranted and possible, and in consultation with cooperatives, employers' and workers' organizations concerned, common regional and international guidelines and legislation to support cooperatives.

VI. FINAL PROVISION

19. The present Recommendation revises and replaces the Co-operatives (Developing Countries) Recommendation, 1966.

ANNEX

EXTRACT FROM THE STATEMENT ON THE COOPERATIVE IDENTITY, ADOPTED BY THE GENERAL ASSEMBLY OF THE INTERNATIONAL CO- OPERATIVE ALLIANCE IN 1995

The cooperative principles are guidelines by which cooperatives put their values into practice.

Voluntary and open membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic member control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

Member economic participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative.

Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Autonomy and independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

Cooperation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Concern for community

Cooperatives work for the sustainable development of their communities through policies approved by their members.